

2006 ANNUAL ADJUSTMENT  
CONTRACT



JAY COUNTY, INDIANA

PREPARED AND SUBMITTED BY

AD VALOREM SOLUTIONS, LLC

506 E. NORTH ST.

KOKOMO, INDIANA 46901

# ANNUAL ADJUSTMENT AGREEMENT

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## **PROFESSIONAL SERVICES AGREEMENT**

**THIS AGREEMENT** (the "Agreement") is hereby entered into between Ad Valorem Solutions, LLC, with office at 506 E. North St., Kokomo, IN 46901 (the "Contractor") and the Jay County Assessor, with office at Jay County Courthouse, 1<sup>st</sup> floor, 120 W. Main St., Portland, Indiana 47371 (the "Assessor").

### **1.0 General Undertaking**

The parties are entering into this Agreement to establish a relationship whereby Assessor is commissioning Contractor to perform certain general consulting services and to deliver certain written findings and recommendations specified in the attached Statement of Work (collectively, "Annual Adjustments").

### **1.0 Term of Engagement**

This Agreement shall commence on the date stated in Section 17 ("Start & Completion") unless terminated earlier in accordance with Section 7 ("Termination") shall continue in full force and effect until the Statement of Work is completed according to its terms. Termination shall have no effect on Assessor's obligation to pay the applicable labor rate or an equitable portion of any Fixed Price for Services that are rendered prior to the effective date of termination.

### **1.0 Nature of Engagement**

Contractor is being hired on a Fixed Price basis to perform the Services and provide the Deliverables according to specifications described in the Statement of Work ("Annual Adjustments"). Any changes to the scope of work shall be subject to a written Change Order that includes an appropriate adjustment to the price, delivery dates or a notation that no such adjustments are necessary. If the parties cannot agree on the characterization of an item as "out-of-scope," Contractor shall fill the request without prejudice to its claim for reasonable compensation. Unless otherwise stated, all work schedules shall be considered reasonably accurate estimates, subject to revision.

### **1.0 Price & Payment**

(a) **Price.** The Services and all Deliverables described in the Statement of Work are provided at a firm fixed price of Twenty Nine Thousand Seven Hundred (\$29,700.00) Dollars. The price includes Contractor's wages, overhead, general and administrative expense and all other indirect costs and profit to be recovered or charged under this

**Agreement.** Contractor shall pay its personnel at least the minimum wage applicable to each labor classification.

**(b) Invoices.** The price for all Services shall be invoiced monthly based upon such portion to the fee as the percentage of the work completed during the preceding month.

**(c) Payment.** Payment shall be made within thirty (30) days after date of invoice. Assessor may not withhold or "setoff" any amounts due hereunder and Contractor reserves the right to cease work without prejudice and assert appropriate liens if amounts are not paid when due. Assessor shall execute any required financing statements.

**(d) Out-of-Pocket Costs.** Except as otherwise set forth in this Agreement, prices quoted for Services include Contractor's reasonably anticipated out-of-pocket costs for travel. Any extraordinary expenses shall be subject to good faith negotiation by the parties.

#### **6.0 Non-circumvention**

During the Term and for a period of one (1) year thereafter, Assessor agrees not to hire, solicit, nor attempt to solicit the services of any employee or subcontractor of Contractor without the prior written consent of Contractor. Violation of this provision shall, in addition to other relief, entitle Contractor to assert liquidated damages against Assessor equal to one hundred fifty (150) percent of the solicited person's annual compensation.

#### **6.0 Notices**

Notices sent to either party shall be effective when delivered in person or transmitted by telecopy ("fax") machine, one (1) day after being sent by overnight courier, or two (2) days after being sent by first class mail postage prepaid to the address on the first page hereof or such other address as a party may give notice. A facsimile of this Agreement and notices generated in good form by a fax machine (as well as a photocopy thereof) shall be treated as "original" documents admissible into evidence unless a document's authenticity is genuinely placed in question.

#### **7.0 Termination**

This Agreement shall terminate upon expiration of the Term described in Section 2 ("Term of Engagement"). In addition to other relief, either party may terminate this Agreement if the other party breaches any material provision hereof and fails after receipt of notice of default to correct such default promptly or to commence corrective action reasonably acceptable to the aggrieved party and proceed with due diligence to completion. Either party shall be in default hereof if it becomes insolvent, makes an

assignment for the benefit of its creditors, a receiver is appointed or a petition in bankruptcy is filed with respect to the party and is not dismissed within thirty (30) days. Termination shall have no effect on the parties' rights or obligations under Section 5 ("Non-circumvention").

#### **8.0 Independent Contractor Status**

Each party and its people are independent Contractors in relation to the other party with respect to all matters arising under this Agreement. Nothing herein shall be deemed to establish a partnership, joint venture, association or employment relationship between the parties. Each party shall remain responsible, and shall indemnify and hold harmless the other party, for the withholding and payment of all Federal, state and local personal income, wage, earnings, occupation, social security, worker's compensation, unemployment, sickness and disability insurance taxes, payroll levies or employee benefit requirements (under ERISA, state law or otherwise) now existing or hereafter enacted and attributable to themselves and their respective people.

#### **9.0 Security, No Conflicts**

Each party agrees to inform the other of any information made available to the other party that is classified or restricted data, agrees to comply with the security requirements imposed by any state or local government, or by the United States Government, and shall return all such material upon request. Each party warrants that its participation in this Agreement does not conflict with any contractual or other obligation of the party or create any conflict of interest prohibited by the U.S. Government or any other government and shall promptly notify the other party if any such conflict arises during the Term.

#### **10.0 Insurance, Indemnity**

Each party shall maintain adequate insurance protection covering its respective activities hereunder, including coverage for statutory worker's compensation, comprehensive general liability for bodily injury and tangible property damage, as well as adequate coverage for vehicles. Each party shall indemnify and hold the other harmless from liability for bodily injury, death and tangible property damage resulting from the acts or omissions of its officers, agents, employees or representatives acting within the scope of their work.

#### **11.0 Miscellaneous**

This document and the Statement of Work attached hereto constitute the entire and exclusive agreement between the parties with respect to the subject matter hereof and

supersede all other communications, whether written or oral. This Agreement may be modified or amended only by a writing signed by the party against whom enforcement is sought. Except as specifically permitted herein, neither this Agreement nor any rights or obligations hereunder may be transferred or assigned by Assessor without Contractor's prior written consent and any attempt to the contrary shall be void. Neither party shall be liable for delays caused by events beyond its reasonable control. Any provision hereof found by a tribunal of competent jurisdiction to be illegal or unenforceable shall be automatically conformed to the minimum requirements of law and all other provisions shall remain in full force and effect. Waiver of any provision hereof in one instance shall not preclude enforcement thereof on future occasions. Headings are for reference purposes only and have no substantive effect.

## STATEMENT OF WORK

Under the terms of this contract the Contractor shall perform the duties required to assist the Assessors in adjusting the assessed values for the assessment year of 2006. Those duties will include establishing the trending factors to be applied by the Assessors for the following classes of property:

Residential

Industrial

Agricultural

Public Utilities

Commercial

Exempt

It is understood that the Contractor agrees to provide and perform the work provided herein in a professional manner that will promote client, taxpayer public confidence and support, and in accordance with:

- The Real Property Assessment Manual (50 IAC 2.3) as accepted by the State Board of Tax Commissioners on May 10, 2001;
- The Real Property Assessment Guidelines for 2002 – Version A;
- All applicable rules, regulations and requirements of the Department of Local Government Finance as they were in effect as of the date of this proposal;
- Recognized professional appraisal standards, methods and techniques;
- And the Annual Adjustment rule as developed by the DLGF.

### 12.0 Annual Adjustments

#### 12.1 Sales Data Base

The Contractor shall receive from the Assessors the sales data base in an agreed upon format. The sales will have been validated by the Assessors to establish the sales disclosures were accurate and the sales were arms-length transactions. The Contractor shall use sales occurring between January 1, 2004 and December 31, 2005 in performing sales ratio studies for the March 1, 2006 assessment date.

#### 12.2 Preliminary Sales Ratio Study

A preliminary sales ratio study will be performed on the sales data base to establish the number of sales and that the annual assessed valuations are reflective of current market value in use conditions. The preliminary sales ratio will be performed on all townships to establish the equalization between the townships. Sales will be



compared to assessed values to determine the median assessment level, the coefficient of dispersion and the price related differential.

#### 12.3 Neighborhood Factors

Neighborhood factors established during the last reassessment will be reviewed and redefined as needed based on the sales data base. If the coefficient of dispersion falls outside of the range established by the DLGF then further stratification may be needed. Any additional factors over and above that of neighborhood factors would be documented and approved by the Assessors.

#### 12.4 Additional Stratification

Upon finding that neighborhood factors are not adequate in establishing the appropriate trending factor, further stratification will be performed. This stratification could be broken into house types, or age types, or use types. This further stratification will provide for more equitable assessments.

#### 12.5 Income Based Properties

Special attention will be given to income type properties. An attempt will be made to contact apartment, retail, and office type properties in hopes of gaining income information to assist with adjusting their values. In apartments with 1 to 4 units a gross rent multiplier may be established in order to adjust their values.

#### 12.6 Land Values

As part of this contract, land values will be trended according to land sales. The Contractor will make every effort to establish base rates or trending factors for land values of all classes of property. All agricultural land values will be trended as established by the DLGF.

#### 12.7 Presentation to PTABOA

Contractor would be available to present their finding to the PTABOA of Jay County as prescribed by the Annual Adjustment rule.

### 13.0 Data Entry

Upon completion of establishing the trending factors, and after presenting the trending factors to the PTABOA, the Contractor shall submit the factors to the Assessors for entry into the CAMA system. It is the responsibility of the Assessor to input trending factors into the system.

### 14.0 Use of Records and Maps

The Assessor shall give access to sales disclosures and property record cards. The sales disclosures should be in a mutually agreed upon order. The Assessor shall also give access to established neighborhood maps.



### **15.0 Office Space and Equipment**

The Assessor agrees to furnish adequate space and utilities conveniently located to the Assessor's office for the duration of the project. In addition, the Assessor shall provide furniture, phone, and access to the CAMA system during working hours. The Assessor shall incur all expenses and liabilities resulting directly there from without any obligation to the Contractor.

### **16.0 Validity of Sales**

The Assessor shall have made a reasonable attempt to determine that the transaction was negotiated as an arm's-length (valid) transaction. All sales disclosure statements selected must be adjusted to exclude the value of any personal property of significant value that was included in the disclosed sales price. The Assessor would have indicated the validity of the sale in the database by using the validity codes as provided by the CAMA provider.

In cases where additional validation of sales is required, especially on outliers, the Contractor may review the sales information with the property owner by phone or field visit.

### **17.0 Starts and Completion**

The Contractor agrees to commence the work as set forth within thirty (30) days from the signing of the Agreement and to prosecute the same without interruption until its completion. The Contractor shall complete the program and submit the finished product to the Assessor on or before June 1, 2006.

### **18.0 Assessor Responsibility**

The Assessor shall provide:

- A sales data base updated with transfers, price consideration, and validity codes from January 1, 2004 to December 31, 2005;
- Access to sales disclosures for the time period of January 1, 2004 to December 31, 2005;
- Access to established neighborhood maps;
- Copy of the current Land Order; and

The final determination of the true tax value and assessed value is and shall remain the responsibility of the Assessor.

### **10.0 Deliverables**

Upon completion of analyzing the sales data base, the Contractor shall deliver to the Assessor the trending reports in both written format and in electronic format compatible with the Jay County Assessor's system, along with all supporting evidence and calculations. The contractor shall also deliver the sales disclosures and property record cards used in the analysis.

### **10.0 Public Relations**

The Contractor will work with the Assessor(s) in the execution of public relations. The Assessor may be required to provide news releases; which cover general subjects about trending procedure; which can assist the public in understanding its purpose objectives; and the methods and procedures by which it is carried out.

### **11.0 Additional Services**

The Contractor, upon request from the Assessor, may perform additional services outside of the scope of this contract. Those services will be executed at a per diem fee basis as requested by the Assessor and supplied by the Contractor. The Contractor per diem charge shall be \$400.00 per day.

As with any contract signed by the Contractor, phone calls on trending or any assessment subject are of no additional cost to the Assessor.

### **12.0 Notification of Tax Payer**

It is the responsibility of the Assessor, upon completion of the Statement of Work by the

Contractor, to print and send notification of the new assessment for the lien date of March 1, 2006. The notification will be printed in a format as prescribed by the Department of Local Government Finance.

IN WITNESS WHEREOF, for adequate consideration and intending to be legally bound, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representatives on ~~September~~ October 3, 2005.

Jay County Commissioners

[Signature]  
[Illegible Name]

Gary Theurer  
Gary Theurer

[Signature]  
[Illegible Name]

Jay County Assessor

[Signature]  
[Illegible Name]

Ad Valorem Solutions

[Signature]  
James A. Morris II